

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA San Diego, California

***United States Attorney
Laura E. Duffy***

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For Immediate Release

NEWS RELEASE SUMMARY - June 10, 2011

United States Attorney Laura E. Duffy announced that today Arturo Huizar-Velazquez, the owner of Proveedoras de Limpiaduria de Tijuana and Huizar Cleaner de Mexico, both of which operated out of Tijuana, Baja California, Mexico, was sentenced in U.S. District Court in San Diego by the Honorable John A. Houston to serve 70 months in custody, followed by three years of supervised release. The sentence is based on Huizar-Velazquez' conviction for conspiracy, entry of goods into the United States by means of false statements, wire fraud and money laundering, all offenses rising from his companies' importation of Chinese-manufactured steel wire hangers into the United States, in violation of the Department of Commerce's antidumping duty order of October 2008. Judge Houston also ordered Huizar-Velazquez to pay restitution of \$3,587,904.53 to the United States and forfeiture of \$4,221,148.11 in cash. Huizar-Velazquez pled guilty to the 55-count indictment on February 17, 2011.

As detailed in the indictment, the "anti-dumping duty" or "anti-dumping tariff" is a special import duty that the United States imposes on foreign manufacturers that sell goods at prices that unfairly harm

competing manufacturers in the United States and that exists an anti-dumping duty on Chinese manufacturers of steel wire garment hangers. At the time of the guilty pleas, the defendant admitted that he purchased Chinese manufactured steal wire garment hangers from China, shipped them southbound through the United States to Mexico and then re labeled them in Tijuana to falsely state “Made in Mexico.” He further admitted that he directed that they then be shipped northbound through the Otay Mesa Port of Entry Cargo Facility into the United States, labeled as a product originating in Mexico and therefore not subject to any duty set under the North American Free Trade Agreement (NAFTA), and thereby deprived the United States of tax revenue owed.

United States Attorney Duffy said, “The sentence imposed on Arturo Huizar-Velazquez reflects the United States’ commitment to punishing those that seek to gain unfair market advantage and evade United States’ customs duties.”

“This case serves as a warning to others who think they can get away with exploiting U.S. trade laws,” said Miguel Unzueta, Special Agent in Charge for ICE’s Homeland Security Investigations in San Diego. “Our aggressive trade investigators are on their game. They’ve uncovered a complicated commercial fraud operation on the U.S./Mexico border that put law-abiding businesses at a disadvantage; it’s payback time now.”

“This case was initially developed by U.S. Customs and Border Protection (CBP) import specialists who are charged with enforcing trade laws and ensuring duties are paid on imported merchandise,” said Chris Maston, Director of Field Operations in San Diego. “Our CBP import specialists worked closely with special agents from U.S. Immigration and Customs Enforcement’s (ICE) Homeland Security Investigations and the United States Attorney’s Office to ensure that illegal acts are met with the appropriate consequences. The sentencing and successful conclusion of this case, exemplifies the high level of cooperation and coordination within the federal law enforcement community to intercept, investigate, and prosecute individuals who attempt to circumvent the laws of the United States. This is also a great example of how our CBP import specialists and officers protect the revenue and the economic vitality of our country while protecting our borders,” said Maston.

Co-defendant Jesus De La Torre-Escobar, an employee of Huizar-Velazquez pled guilty on January 6, 2011, to one count of the indictment charging him with entry of goods through false statements. Judge Houston sentenced De La Torre-Escobar on May 16, 2011, to time served of 365 days in custody and to pay \$3,587,904.53 in restitution. In his plea, De La Torre-Escobar admitted that he falsely asserted to officials of Customs and Border Protection that steel wire garment hangers were manufactured in Mexico.

The case is the result of an investigation by the Immigration and Customs Enforcement's Homeland Security Investigations and Customs and Border Protection, both agencies of the Department of Homeland Security.

DEFENDANTS

Case Number: 10cr3099JAH

Arturo Huizar-Velazquez
Jesus De La Torre-Escobar

SUMMARY OF CHARGES

Title 18, United States Code, Section 371 - Conspiracy to Defraud the United States and Commit Offenses against the United States
Title 18, United States Code, Section 542- Entry of Goods by Means of False Statements
Title 18, United States Code, Section 1001 - False or Fictitious Statements
Title 18, United States Code, Section 1343 - Wire Fraud
Title 18, United States Code, Section 1956 - Laundering of Monetary Instruments
Criminal Forfeiture

AGENCIES

Immigration and Customs Enforcement's Homeland Security Investigations
Customs and Border Protection, Department of Homeland Security